

MONETARY STANDARDS.

JANUARY 28, 1897.—Laid on the table and ordered to be printed.

Mr. McMILLAN presented the following .

**MEMORIAL OF HENRY NELSON LOUD, OF AU SABLE, MICH., IN
RELATION TO MONETARY STANDARDS.—AN ARGUMENT FOR A
UNIVERSAL STANDARD DOLLAR.**

To the Congress of the United States:

An American need make no apology for presenting for consideration the product of his thought and study upon this question which is agitating not only America but the entire financial world.

In my consideration of the question I find no antagonism of thought in the writings of Jefferson, Hamilton, and Morris, the fathers of our monetary system; neither in Jackson and Webster, the defenders of the letter and spirit of the Constitution; in the integrity of Lincoln and Grant; neither in the broad-minded statesmanship of that peerless American, James G. Blaine; nor in him whom we have so recently honored as our greatest American citizen, William McKinley.

We, the American people, have declared for sound money. We have declared in favor of and pledged ourselves to promote the free coinage of silver by international agreement with the leading commercial nations of the world.

A committee on an international monetary conference has been appointed, and a representative of America is now abroad arranging such a conference. It is eminently desirable that a plan be offered by Americans on which we can not only ourselves agree, but press to an adoption by the other leading commercial nations of the world.

I offer this plan thoroughly believing that in it rests a solution of that great question, How shall silver be rehabilitated as a money metal and a standard of money "uniform, universal, and unalterable"? And I most respectfully request that the principles and plan described in this memorial, entitled "An argument for the universal standard dollar," be presented for consideration at the next international monetary conference.

And I further most respectfully request that a number of these coins—say ten thousand—be struck at the Mint, in order that the practical test of actual coinage might be demonstrated and made a part of the expense of the international monetary conference and subject to the order of your commission.

HENRY NELSON LOUD.

[Henry Ward Beecher.]

As now by facility of intercourse all the world is one open market, need of one and same standard of money, uniform, universal, and unalterable, becomes imperious.

UNIVERSAL STANDARD DOLLAR.

Proposition, that all nations admit to free and unlimited coinage a universal standard dollar composed of 0.8065 gramme of gold (one-half of a gold 5-franc piece) and $12\frac{1}{2}$ grammes of silver (one-half of a silver 5-franc piece) 0.900 fine, ratio $15\frac{1}{2}$ to 1, and that in the year 1900 this be declared the universal standard of money.

The adoption of a universal standard of money was a question studied by Hamilton, Jefferson, and Morris. It was Morris's intention to establish a unit of value derived from a composition of all others. In this he was overruled by Hamilton and Jefferson, who adopted the Spanish milled dollar as the standard unit of value, and their reasons are so good to-day, in consideration of this question, that I quote from Mr. Jefferson's notes:

[Report of mint, 1895.]

In fixing the unit of money, these circumstances are of a principal importance:

1. That it may be of a convenient size, to be applied as a measure to the common money transactions of life.

Taking into our view all money transactions, great and small, I question if a common measure of more convenient size than the dollar could be proposed. The value of one hundred thousand \$10,000 is well estimated by the mind; so is that of the tenth of the hundredth of a dollar. Few transactions are above or below these limits.

2. That its parts and multiples may be in an easy proportion to each other, so as to facilitate the money arithmetic.

The most easy ratio of multiplication and division is that by ten. Everyone knows the facility of decimal arithmetic. Everyone remembers that when learning money arithmetic, he used to be puzzled with adding the farthings, taking out the fours and carrying them on; adding the pence, taking out the twelves and carrying them on; but when he came to the pounds, when he had only tens to carry forward, it was easy and free from error.

3. That the unit and its parts or divisions be as nearly of the value of some of the known coins, that they may be of easy adoption for the people.

The Spanish milled dollar seems to fulfill all these conditions.

NAME AND VALUE.

The coin "dollar," both by name and coinage value, is derived from the old Spanish milled dollar, which is known by that name throughout America and all English-speaking nations, China, and Japan.

It is known by the name rixdaler in the Netherlands and the Dutch Colonies; rigsdaler in Norway, Sweden, and Denmark.

It is known by the name of the Maria Theresa thaler in Austria and the Levant, and by the name thaler in Germany. The thaler of Germany is of a coinage value of the universal standard, 75 cents.

All nations have a standard coin, in both gold and silver, which very closely approximates to this proposed coin, either in the unit coin itself, as the dollar of the United States and the peso of South America; or in single coins, as the 5-franc piece of the Latin Union; or in multiples, as the one-fifth of the pound sterling and 4 silver shillings of England, or 4 marks of Germany.

[Muhleman's Monetary System of the World.]

It will be observed that there is a marked preference shown for the employment of metal nine hundred thousandths fine, with a ratio of $15\frac{1}{2}$ to 1; moreover the majority of the units are identical with the franc of the French monetary system; by combining five of the units it approximates the dollar system prevailing in the largest number of countries. It would therefore require little more than the removal of individual national prejudices to reach the point of a universal unit.

RATIO.

One part gold, 15½ parts of silver; both 0.900 fine. All the coinage of the world is at about this ratio, and this was the ratio which was declared to be the most desirable by the German bimetallists. A change to any other ratio would make necessary a recoinage of all silver money without advantage to any nation.

Table of money.
[Compiled from Mint Report, 1896.]

Country.	Gold.	Silver.	Paper.	Total.	Gold.	United States coin value.	Silver.	United States coin value.	Ratio.
United States ...	600.1	625.5	383.3	1,609	Dollar	1.00	Dollar	1.00	16
Latin Union.....	1,017.7	600	311.7	1,929.4	5 francs.....	.965	5 francs.....	.935	15½
Spain	40	166	83.7	289.7	5 pesetas ...	.965	5 pesetas....	.935	15½
Austria-Hungary.	140	120	204.3	464.3	5 krone	1.015	5 krone .....	.87	15½
Germany.....	625	215	60.4	900.4	4 marks ....	.952	4 marks.....	.832	14+
Russia	480	48	539	1,067	1½ rubles....	.965	rubles.....	.935	15½
Great Britain...	580	115	115.4	808.4	½ pound ....	.973	4 shillings ..	.868	14+
India		950		950	½ rupee .....	.948	2 rupces ....	.888	15
Hongkong,China		750		750			{Dollar	1.008	.....
							{1 tael	1.364	.....
All others.....	3,482.8	3,589.6	1,695.8	8,768.2					
	586	480.9	740.7	1,807.6					
Total.....	4,068.8	4,070.5	2,436.5	10,575.8					

Guidebooks rate all of the above coins equal value, and are so accepted, except tael of China.

In India and China all gold is hoarded, not coined. Large amounts of European gold are in war chests and not subject to trade and commerce. England must indicate policy for India and Hongkong.

The present currencies of all countries can be retained without inconvenience or but trifling changes when considered with the advantage derived.

The following nations would have to make no change whatever in coinage of unit: Central America, Colombia, Bolivia, Peru, Ecuador, Argentina, and Haiti.

The following nations have the dollar unit and decimal parts, and could change their coinage or not: Portugal, Canada, Newfoundland, Mexico, United States, Uruguay, Chile, Japan, and Philippine Islands.

The following nations would have to (make no change whatever in present coin, but) change the unit of value from 20 cents to \$1: France, Roumania, Belgium, Italy, Switzerland, Spain, Servia, Bulgaria, Venezuela, Algeria and Tunis, and Russia by changing the unit of value from 80 cents to \$1, and Netherlands from 40 cents to \$1.

UNIVERSAL STANDARD COINS.

Gold, \$10; gold and silver, \$1; silver, 50 cents, 25 cents or 20 cents, 10 cents; 5-cent nickel, 1-cent bronze, one-half cent, 1 mill. The mints to be closed to all other coinage. The ten dollar gold piece will come from the recoinage of gold coin of foreign nations.

Thomas Jefferson says that "the greatest safeguard against counterfeiting is fine workmanship." I think this coin should be 2½ centimeters (about 1 inch) in diameter and 3 millimeters (about one-eighth of an inch) thick. This is of the size and thickness of two quarters of a

dollar. Unless the difficulty of coinage prohibit, the face side should have a medallion head of the President or monarch in gold, the name of the country issuing the coin, and the year. On the reverse, "Universal standard dollar," the figure "1," and the sign of universal standard dollars, which is a U crossed by an S; also ".8065 grams gold" and "12½ grams silver."

We do not anticipate the universal standard dollar coinage is to immediately take the place of the old, but that it will be an addition to the present coinage of all nations in exchange for material furnished or service rendered to silver and gold producing countries, or from debtor to creditor. Whatever premium gold may be in any country above this standard dollar, this premium will act as a bar to trade against that country or as a protective tariff in favor of the debtor or consuming country.

UNITED STATES.

[Act of Congress of the United States, March 3, 1895.]

When the President of the United States shall determine that the United States shall be represented at any international conference called with a view to secure internationally a fixity of relative value between gold and silver as money by means of a common ratio between those metals, with free mintage at such ratio, the United States shall be represented at such conference by nine delegates. Three of the delegates are to be appointed by the President, three by the Senate, and three by the House of Representatives.

[Ex-President Harrison.]

I believe the free use of silver upon an international agreement that would assure its continued equality with gold would do more than anything I know of, save the establishment of the protection principle, to bring again prosperity to our commerce.

[Francis A. Walker: International Bimetallism.]

Three successive questions are involved in the problem of bimetallism:

First. Is it economically desirable, and this in a high degree?

Second. Is it economically practicable—that is, if the system were set up, would it work successfully under the normal operation of the principle of self-interest, without any help from philanthropy or public spirit or patriotism?

Third. Is it politically and diplomatically possible—that is, can the consent and cooperation of a sufficient number of nations be secured to set up and sustain the system, if indeed it be economically practicable?

UNIVERSAL STANDARD COINAGE UNION.

All obligations and tariff duties on imports from and between members of the Universal Standard Coinage Union shall be settled in universal standard dollars.

For the accommodation of nations outside the union, all obligations and duties on imports from outside countries with nations of the Union shall be received in universal-standard gold coins only, at their face value.

This will provide a gold revenue for the members of the Union to settle all obligations in and with gold-standard countries and relieve the Government from any embarrassment therefrom. This is not a reciprocity measure in favor of members nor a retaliatory measure against outside nations, and shall not be so considered.

NECESSITY.

The financial platforms of all the parties for several years seem to demand as an absolute necessity some change in our coinage standard. This coinage is calculated to fill the requirements of the different platforms.

The distress caused by the removal of two hundred millions of gold from the United States demonstrates to all nations the necessity of the use of something besides gold alone as an aid and not a hindrance to trade and commerce.

[Sidney Sherwood, History and Theory of Money.]

Money is not the end, but the instrument of trade.

[Berkey, The Money Question.]

Those who desire to fully understand the money question can only hope to do so by always keeping in view the fact that the great object of commerce and trade is the exchange of property and products, and that money is designed to be simply a tool to accomplish that end. Money is nothing more than "one of man's own inventions, a contrivance which he has himself devised for rendering an indispensable service to the practical life of every civilized people." (Currency and Banking, Bonamy Price.) Its institution is a governmental duty, and as political sovereignty in the United States, theoretically, at least, resides in the people, it is incumbent upon them to take hold of the question and compel their servants to dispose of it in such a manner as will best subserve the interests not of a single class, but of the entire nation.

Had the American people been willing to part with their gold for the free sugar, etc., of the McKinley bill, or free wool, etc., of the Wilson bill, it might not have been necessary for the Government to issue bonds and buy this gold. The total amount—principal and premium, called interest—will be nearly \$2 for every gold dollar received. The accumulation and retention of gold is apparent in each nation. It is no longer the "instrument," but the end of trade.

[London daily paper, October 21.]

The flow of gold to the United States must be stopped.

[New York daily papers.]

Will the Morgan syndicate protect the Treasury from the inroads of the importer?

CURRENCY.

The universal standard dollar is more available as coin for actual currency. The gold currency is too small, the silver is too cumbersome. Although there are upward of 600,000,000 standard silver dollars supposed to be in circulation, it is impossible to get 100,000,000 of actual dollars in circulation; the balance is represented by certificates.

Gold never was, is not now, and never will be, the currency of the United States. It is simply out of the question to get a sufficient amount of gold alone for actual currency to do business, and were gold to-day the only coin of ultimate redemption, every bank in the United States would be bankrupt at the first panic.

The citizens of the United States, who have on deposit in the savings banks, \$1,800,000,000; State banks, \$1,300,000,000; national banks, \$1,700,000,000; loan and trust companies, \$500,000,000; life insurance, \$4,000,000,000; cooperative insurance, \$5,000,000,000; industrial companies, \$800,000,000, are all entitled to demand their deposits in coin of ultimate redemption. Mr. Carlisle offers this as an argument to decrease the coin of ultimate redemption to the total amount of standard gold, \$600,000,000. It would seem to be only an argument to increase the coin of ultimate redemption to an amount in excess of the combined volume of silver and gold now in the country.

The American people demand for currency coin, or the certificate of

coin, and will not consent to the establishment of any system of currency based upon a proposition which, divested of all verbiage, means that they must pay, say, 2, 3, or more per cent annually in gold for the use of their own paper certificates as currency. No currency would be tolerated without Government indorsement, which means their own indorsement.

PARITY.

If the 600,000,000 standard silver dollars and the 600,000,000 standard gold dollars were returned to the mints and a gold dollar fastened to each silver dollar, the question of parity would be eliminated, and approximate justice done each party. The parity is in the coin itself.

The attempt to maintain (gold standard at) a parity by the issue of bonds is purely a makeshift, the theory and practice being that it merely takes away the currency from the people and locks it permanently in the Treasury of the United States, and was declared by the Supreme Court to be not a fraud but an indirection.

The parity of money as to purchasing power is a trade relation and can be regulated by trade only, under proper conditions. Its parity as to debt-paying power can be maintained by law.

Parity of money is a different problem from maintaining a single gold standard. With different conditions and results—"but that is another story."

STABILITY.

The universal standard dollar would be more stable as a standard coin than either gold or silver alone, as the appreciation of gold or depreciation of silver would be in the coin itself, as they would appreciate or depreciate as to each other; the appreciation of gold would offset the depreciation of silver as in a compensating pendulum. The variation in the bullion value of either gold or silver alone would make only one-half the variation in the coin.

[Francis A. Walker, International Bimetallism.]

Even during our own century several of these great changes in the comparative production of the two metals have taken place. If, then, each metal has its value in commerce, subject to the natural causes which affect the supply and to the commercial causes which govern the demand, it is evident that we shall have an incessant fluctuation, not only in the relation between the two metals, but also in the relation of metal money to prices.

Such fluctuations can not, in the nature of the case, be suppressed; but if the two metals can somehow be joined together in their function as money, it is highly reasonable to expect that the aggregate influence of fluctuations in price will be reduced.

There will be, on the whole, as things are likely to go, a considerable compensating effect, giving the result of a greater degree of steadiness in values. Whenever one metal tends to fall and the other to rise, or where both tend to rise or to fall with different degrees of rapidity, the operation of the bimetallic system must be in the direction indicated. This point, notwithstanding its importance, need not occupy much of our time. The principle has been fully recognized by writers on money. In his very valuable work, entitled *Money and the Mechanism of Exchange*, Professor Jevons has offered a discussion of the principle which governs in this matter, reaching the result I have stated. You will recall his illustration with respect to two reservoirs of water, each of which has its own source of supply, and its own causes of exhaustion, between which a connecting pipe is placed. Thereafter, whichever be more rapidly fed or be more rapidly drawn upon, the water will stand in the two at a level. It is not necessary to further pursue the question in this place.

Leonard Courtney, *Nineteenth Century Magazine*, April, 1893. See "Symmetallism."

Professor Edgeworth, *British Economic Journal*, September, 1895. See "Fiat silver."

THE GOLD AND SILVER MINER.

An inference to be drawn from the Constitution of the United States is that the silver miner has the same right as the gold miner to demand that his product receive the stamp of money, but at the present time the bullion value of the silver dollar and the gold dollar is unequal. If both received the stamp of the General Government there is a fraud committed upon the third party who is obliged to receive these two coins as legal tender in payment of debt.

It would seem that the highest approximation of justice would be done to the silver miner and the gold miner, and to the third party who is to receive these coins as legal tender, if the silver and gold miner be treated as partners and compelled to bring to the mint the same coinage value of gold and silver for coinage, and that this value be fixed in the one coin; that in the year 1900 this be declared the standard coin of the United States, and that all contracts, whether payable in gold, silver, or coin, are also payable in this coin.

This is all the relief the silver miner has any right to ask of the American people. If, as happened last year, upward of \$75,000,000 of gold was brought to the mints, this might provide a market for \$75,000,000 of silver. If, as is said, the production of gold will be fifty millions next year, this would provide a market for \$50,000,000 worth of silver for use in coinage. This was about the amount of silver bullion which, at the last monetary conference, Baron Rothschild apportioned to the United States for coinage purposes. This should also stimulate the exportation of silver for use in foreign countries, which would consume the balance. Whether the silver miner buys his gold bullion or the gold miner buys the silver bullion to bring to the mints, is entirely immaterial to the American citizen; all the dollars must be of the same value.

COMPUTATION.

The congress of Republican clubs at Cleveland declared for universal bimetallic coinage.

All computations would be made in an almost universal standard of coinage. Various coins have been suggested for an international unit. It remains to be seen whether the universal standard dollar will be accepted. Its desirability is unquestioned.

[Muhleman, Monetary System of the World.]

Mr. Rothwell's international monetary clearing-house plan briefly stated is:

1. To select a universal monetary standard.
2. To adopt measures for securing the use of gold and silver upon such a flexible ratio as will effect permanent stability in the value of the world's money.
3. To adopt measures for facilitating international monetary transactions and for their supervision and control.

He says: "That much to be desired international unit or coin remains still a thing of the future, due in a great measure to the differences between the present units and the difficulty of changing them so as to avoid the necessity of computations."

A 25-franc gold piece has been recommended for this purpose, but a study of the table of coins leads me to conform approximately to the dollar unit laid down by Hamilton and Jefferson a century ago. Every American traveler feels his hair rise on end the first time he receives his hotel bill when computed in francs and the decimal parts of a franc, or the piasters of Constantinople and Cairo, equal to 5 cents and a decimal.

The standard of value of the 5-franc piece chosen has the highest indorsement of eminent writers without number. It has the practical indorsement by adoption of fully one-half the commercial nations, and one-half of the coinage of the world, and four-fifths of the present coinage could be used without inconvenience. (See money table, p. —.)

Hon. C. W. Stone, "A common coinage for all nations," *North American Review* for July, 1896.

FIAT SILVER COINAGE.

By international agreement this universal-standard dollar could be adopted by all nations without serious disturbance of coinage values now fiat as regards silver. That all nations are desirous of eliminating the fiat of silver in their coinage is conceded by the several congresses called for this purpose. It is hoped that the universal-standard dollar will accomplish this result. It is claimed that the free coinage of silver alone will accomplish this result, but we can not find this claim to be conceded by any nation. I can not bring myself to believe but that gold, either bullion or coin, for its portability would command as a trade coin some premium above this symmetallic coin, and will always be in demand for trade or hoarding purposes. This premium (see general notes) will vary in each nation as it is a debtor or creditor, producer or consumer; but of this I am convinced, that the difference between gold and silver would be eliminated to a much greater degree by the establishment of this coin as the standard coin than by the free coinage of gold and silver in separate coins.

[Gen. Francis A. Walker, *International Bimetallism*.]

So far as the value of money is concerned, Professor Edgeworth finds that both the symmetallic and the bimetallic systems secure the result of less fluctuation than that which would, on the whole, occur in the values of the single gold standard and the single silver standard. In conclusion, this master of mathematical economics pronounces in favor of symmetallism, as contrasted with bimetallism, commonly so called, or with either form of monometallism.

JUSTICE.

It can not be granted with any approximation of justice that the people now holding \$4,000,000,000 gold coinage should turn to the people holding \$4,000,000,000 silver coinage and make the proposition that the silver money is now without value as money and would only be received at its bullion value. By far the greater share of this coinage has been received and paid for with equally as much labor as the gold coin, and the principal depreciation lies in its rejection from the mints as coin of ultimate redemption.

[Hon. James G. Blaine, *United States Senate*.]

I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disaster in and throughout the commercial world. The destruction of silver as money, and establishing gold as the sole unit of value, must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. Those would be enormously enhanced in value, and would gain a disproportionate and unfair advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly \$7,000,000,000 of coin or bullion in the world, very equally divided between gold and silver, it is impossible to strike silver out of existence as money without results that will prove distressing to millions and utterly disastrous to tens of thousands.

[Prof. J. Laurence Laughlin, Bimetallism in United States.]

As regards national debts, it is distinctly averred that neither gold nor silver form a just measure of deferred payments, and that if justice in long contracts is sought for we should seek it by the clear method of a multiple standard, a unit based upon the selling prices of a number of articles of general consumption. A long contract would thereby be paid at its maturity by the same purchasing power as was given it at the beginning.

[Right Hon. A. J. Balfour, Manchester speech.]

If you will show me a system which gives absolute permanence, I will take it in preference to any other. But of all conceivable systems of currency, that system is assuredly the worst which gives you a standard steadily, continuously, indefinitely appreciating, and which, by that very fact, throws a burden upon every man of enterprise, upon every man who desires to promote the agricultural or the industrial resources of the country, and benefits no human being whatever but the owner of the fixed debts in gold.

I claim the highest approximation of justice between debtor and creditor to be in the principle that one-half gold and one-half silver, on a ratio of fifteen and a half to one, establishes a standard giving approximately absolute permanence and approximately a parallel to the standard of commodities, and retains intact the money value now in the eight thousand millions of gold and silver coinage, whether actual or fiat.

PROFIT AND LOSS.

In the adoption of a universal standard dollar there is a variation in our favor, either to the General Government or the holder of the coin, of $6\frac{1}{2}$ cents on the silver dollar and $3\frac{1}{2}$ cents on the gold dollar. This would seem to be a very trifling change when compared with what a change it would be to go to a silver basis; or, if, on the other hand, by maintaining the so-called "present existing gold standard," we were compelled as American citizens to make good the fiat in over \$600,000,000 of silver coin which in all probability would be upward of 50 cents on the dollar, if this amount of silver bullion was thrown on the market. There is a variation in our favor of $3\frac{1}{2}$ cents on \$600,000,000 of gold dollars and $6\frac{1}{2}$ cents on \$600,000,000 of silver dollars. The subsidiary coinage is exactly the universal standard.

If by international agreement silver could be received at the mints of the various countries it would immediately put a coinage value in the \$50,000,000 worth of silver seigniorage now lying without coinage value in the Treasury.

Each nation must concede something; our concession is to our advantage.

The loss to the creditor is only a small portion of the unearned increment of the advancing gold standard, and in the consideration of this question the debt of honor to the debtor should have equal, if not more, consideration than the debt of honor to the creditor.

But these items are as trifles when compared to the benefits which have been so ably set forth by the most profound thinkers and ablest writers of all countries.

SOUND MONEY

Coinage composed of gold and silver as above specified is good enough for any nation. If we are to have any different money ten years from now we must do our thinking now; not in the next century.

[R. E. Preston, Mint Report, 1895.]

One infallible test and measure of the soundness of a metallic or other currency is to be found in the answer to the question whether deprived of the legal-tender power guaranteed by the State it would still be sought after and voluntarily received in payment at its full nominal value.

NOTE.—As a currency without legal-tender power would be useless, I would modify Mr. Preston's test:

An infallible test and measure of the soundness of a metallic or other currency is to be found in the answer to the question whether, given a legal-tender power guaranteed by the State, it would still be sought after and voluntarily received in payment at its full nominal value.

Illustration: In Rome I tendered the hackman a French franc, a papal franc, and a Lira shinplaster. He accepted the French franc and the Lira shinplaster, but refused the papal franc as it was not a legal tender, although it has exactly as much silver as the franc. The franc I got in France, the papal franc I was stuck with (as are all travelers in Italy), the Lire shinplaster I got at 7 per cent discount from gold; none of these coins are redeemable in gold, but had the papal franc had the legal-tender power it would have been accepted as readily as either of the others.

[Hon. James G. Blaine.]

I am not in line with either extreme—with those who believe in the single gold standard or with those who, by premature and unwise action, as I regard it, would force us to the single silver standard. Either would be found, in my judgment, a great misfortune to our country. We need both gold and silver and we can have both only by making each equal to the other.

[Prof. F. M. Taylor.]

Requisites of money: (1) General acceptability; (2) cognizability (value known at sight); (3) stability of value; (4) (for standard money) intrinsic value.

SYMMETALLISM.

Symmetallism is comparatively unknown in the American discussion of the monetary question.

[Gen. F. A. Walker, International Bimetallism.]

Professor Marshall (England) proposes the Government issue of certificates, each certificate standing for a certain amount of gold and a certain quantity of silver, bearing a legally adopted ratio to the gold. Were the French ratio to be taken, a certificate would stand for one part of gold and fifteen and a half parts of silver, actually deposited and remaining in trust for the redemption of the certificates, whenever desired.

Prof. Alfred Marshall's proposal has received much attention and is certainly to be reckoned with in the future discussion of the means and methods for raising the world's trade and production out of the unfortunate situation into which they have been brought by the demonetizing of silver and the dislocation of international exchange (p. 207).

So far as the value of money is concerned, Professor Edgeworth finds that both the symmetrical and the bimetallic systems secure the result of less fluctuation than that which would, on the whole, occur in the values of the single gold standard and the single silver standard. In conclusion, this master of mathematical economics, pronounces in favor of symmetallism, as contrasted with bimetallicism, commonly so called, or with either form of monometallism.

[Professor Hertzka.]

Essentially the same scheme is skillfully presented by Prof. Theodor Hertzka, in his *Das Internationale Währungsproblem und Dessen Lösung* (Wein, 1892.) (From Walker's International Bimetallism.)

[James E. Scripps, "The duty of the Republican Party and a way to perform it."]

Recommends the free coinage of silver and gold on a ratio of 16 to 1, either by actual coinage or certificate, under our present standard of money.

[Anson Stokes Phelps, "Joint Metallism."]

Recommends the issuing of Government certificates for an equal amount of gold and silver, the ratio varying according to the market price of silver. This plan has been highly commended.

I have seen somewhere described, copper coins with the center composed of silver. In the universal standard dollar the object of having the medallion head in gold is cognizability. The presence of gold and the value might be determined at sight.

[Leonard Courtney, *Nineteenth Century* for April, 1893.]

But the conclusion of the inquiry that has been traced is that the ideal standard of recent years should have been a compound of the two metals. Like the gridiron pendulum, whose parts expand up and down, leaving the center of oscillation unchanged, a properly chosen unit of money, part gold and part silver, might have maintained a truly stationary value. This species of bimetallism has been often suggested, but it may perhaps be somewhat summarily dismissed, as it was by the Gold and Silver Commission, as wholly impracticable. If it could be entertained at home—and the brains of Lombard street would reel at the vision—we should be isolated internationally. The nations of the world have been accustomed to use gold as money, and have been accustomed to use silver as money; many have used, some still use alternatively, both, leaving the option in every case to the payer of a debt; but the use of money based on a unit which is a mixture of the two metals would be a revolution making all things new.¹ Ingenuity is always attractive, but there are forces against which ingenuity breaks itself in vain.

Encyclopædia Britannica, "Mint" (p. 48), describes electrum and sym-metallic coins.

American Encyclopædia, "Money" (p. 766).

CONSTITUTIONALITY.

The Constitution declares:

The Congress shall have power—

1. To coin money.
2. To regulate the value thereof.
3. And declares gold and silver coin the only tender.

Free coinage of silver would seem to be an abandonment of the second proposition—that Congress shall regulate the value.

The single gold standard, making all silver money subsidiary or limited tender, would seem to be an abandonment or limitation of the third clause—that gold and silver coin is the only tender.

[Daniel Webster.]

I am certainly of opinion that gold and silver at rates fixed by Congress constitute the legal standard of values in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this standard.

[James G. Blaine, United States Senate.]

I believe gold and silver coin to be the money of the Constitution; indeed, the money of the American people anterior to the Constitution, which is the great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare either money should not be money. Congress has, therefore, in my judgment, no power to demonetize either. If, therefore, silver has been demonetized, I am in favor of remonetizing it. If its coinage has been prohibited, I am in favor of ordering it to be resumed. I am in favor of having it enlarged.

¹ Among the most ancient existing specimens of coin are those of electrum, an alloy of gold with one-fifth silver.

The present existing law reads:

And it is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and interchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times, in the markets, and in the payment of debts.

Among these safeguards we have:

1. The ratio.
2. Limitation of coinage.
3. Protection—import one hundred millions less.
4. Reciprocity—export one hundred millions more.
5. International agreement.

Hamilton and Jefferson agreed in saying that the money must rest in both metals.

I present the universal standard dollar, believing it complies with the spirit and letter of the Constitution, and is in entire harmony with the policy of the existing law and the wishes of the American people.

ENGLAND.

[Resolution of British House of Commons, February 26 1895.]

Resolved, That the House regards with increasing apprehension the growing divergence between the values of gold and silver, and heartily concurs in the recent expression of the Governments of France and Germany in regard to the serious evils arising therefrom. The House therefore urges the Government to cooperate with the powers in the calling of an international conference.

[Encyclopædia Britannica, "Money" (p. 733).]

A decimal coinage has for the last sixty years been proposed for England, and it is almost certain that if any one scheme could be pointed out as much preferable to any other it would be accepted. As it is, there are two or three proposals, each commanding some support, while advocates of the decimal system prefer to wait till an international agreement for its adoption can be obtained.

As to gold, the variation being only eight-tenths of 1 per cent, and the silver being subsidiary, would make recoinage entirely unnecessary. If it were necessary in order to give silver its full legal-tender value, the cost of putting 5 per cent more silver in the coinage would be a trifling matter compared to that of having raised the entire coinage from the 50-cent fiat to full bullion value in the coin.

ADDITIONAL COINS.

The only additional coin recommended is the universal standard dollar, the 10-cent silver piece, called "decem" or "dime," the 5-cent nickel, and the "centum" or "cent."

The conservative could carry in his mind the value of the dollar unit at 4 shillings or 48 pence or one-fifth of a pound.

The progressive Englishman would immediately take the dollar unit of value, calling the pound 5 units or 500 cents, the crown 125 cents, one-half crown 62½ cents, the florin 50 cents, and the shilling one-quarter or 25 cents, the sixpence one eighth or 12½ cents. The threepenny silver piece, which is inconvenient on account of size, should be retired. The 5-cent nickel, by its convenience and change to the decimal system and by its very common use, would do more than even royal edict to make the change acceptable to the common people. The penny would be called 2 cents. The one-half penny should be retired, and the centum or cent substituted. (See H. W. Broughton, Westminster Review, January, 1896, "Decimal currency.")

A very large number of computations are made at present in England with the sixpence for a basis, so that it would seem advisable that this coin be retained. We surely notice the lack of a nickel coin when getting on a London bus and presenting a sixpence to pay the penny fare, receiving a whole handfull of coppers instead of the customary nickels of all other countries.

At this place I would like to quote from the proceedings of the Congress of the Chambers of Commerce of the British Empire, June 12:

Whereas the British currency of pounds, shillings, pence, and farthings is a source of constant annoyance and loss of time to the trade, especially to the foreign trade, who have adopted a decimal system; and

Whereas the system of dollars and cents now covers the whole of the North American continent, with a population of 80,000,000 English-speaking people: Be it

Resolved, That the Canadian decimal system of currency, which answers all purposes, be extended to the other portions of the British Empire, the pound sterling to be equal to \$5, and the shilling to 25 cents.

Both Canada and the United States have made this change without serious inconvenience.

In case the decimal system is adopted by Great Britain, in honor of the event I suggest that a new coin be struck, equal in value to ten dollars, and in honor of the Queen, who has done so much for Great Britain and humanity, that it be named Victoria. The inauguration of the decimal system will be one of the crowning events of the century and of a reign long and prosperous. She would be blessed not only by children of her own land, but by all school children in all lands who have to learn in school this most exasperating system of currency.

Mr. Jevons in his *Money and Mechanism of Exchange* (chap. 14) advocates the use of this very standard, the 5-franc piece as the standard for international monetary unit.

[London daily paper, October 21.]

The flow of gold to the United States must be stopped.

Noting the dire disaster caused by the removal of \$200,000,000 of gold from America, I would also call attention to the recent effect upon England's finances of the removal of less than \$50,000,000 of gold from England back to the United States, raising the rate of discount from 3 per cent to 4 per cent. Had this amount been raised to \$200,000,000 who can tell or measure the disaster which would have overtaken all England. It would have raised the rate three, four, or possibly five times the normal rate; it would have closed one-half of the active enterprises of the Empire and would have caused the sacrifice of valuable securities. This removal of gold was caused by the perfectly legitimate operation of trade in buying grain and other supplies which are short by failure of crops in India, and other sources of supply.

Does not this demonstrate that at this age something besides gold alone should be used as a standard to assist trade? Bimetallic France seems to be able to spare one hundred millions of gold far easier than gold monometallic England can spare fifty millions.

Eminent English writers without number recommend this change.

Jevons, *Money and Mechanism of Exchange*, chapter 14.

Encyclopedia Britannica, "Money," page 734.

Prof. Alfred Marshall, *Herschell Commercial Appendix* to final report, No. 9705.

Professor Foxwell, "Reply to Lord Farrar."

David Ricardo, "Proposal for an economical and secure currency."

Walter Baghot, *A Universal Money*.

Prof. F. V. Edgeworth, *British Economic Journal*, September, 1895, "Symmetallism."

H. W. Broughton, *Westminster Review*, June, 1896, "Decimal currency for Great Britain."

Right Hon. Leonard Courtney, M. P., "Bimetallism once more," *Nineteenth Century*, April, 1893.

BRITISH INDIA.

[1 rupee of 16 annes of 4 piece of 3 pie.]

This coinage seems to present insurmountable difficulties. The positive ruin staring India in the face by the depreciation of silver will cause both India and the mother country, England, to consider fairly and favorably any plan to rehabilitate silver as coin of ultimate redemption. India is constantly receiving gold and silver for material furnished or service rendered. The gold is hoarded (estimated at \$650,000,000 in thirty years); the silver was coined and used as money, but is now refused by the mints. India pays England eighty-five million gold dollars crown dues annually.

If the proposition that one-half silver and one-half gold is justice to debtor and creditor, and between the mother country and India, to whom England has given the greater share of this silver at full coinage value, is accepted, she can take one step more and have a decimal currency, allowing the rupee a legal tender value of 50 cents universal standard, the anne .05, the piece .01, and the pie one-fourth cent. If necessary to put more bullion in the rupees already coined, it is only a portion of the unearned increment caused by the general reopening of the mints of the world to silver. Open the mints to the free coinage of universal standard money and the holder of silver will find the gold and the gold will come out from its hiding place and seek the silver.

GERMANY.

[Resolution of the German Reichstag, February 16, 1895.]

This resolution was to the effect that in view of the existing condition of trade, believed to be due to the fall in the price of silver, the Chancellor would be requested to call an international conference at an early date to take measures to bring about the rehabilitation of silver as a circulating medium. It was adopted by a two-thirds vote.

On March 16 the council of state approved the request.

The variation of the German gold coinage is 1 cent and 2 mills under the standard. The silver we understand to be subsidiary. For so slight a change it would not seem necessary to recoin the gold.

The conservative German would still continue his marks and pfennigs, counting the standard dollar 4 marks.

The progressive German would immediately accept the new standard, calling the mark one-fourth of a dollar, the 50-pfennig piece one-eighth of a dollar or $12\frac{1}{2}$ cents, the 20-pfennig piece equal to a 5-cent nickel, the 10-pfennig piece $2\frac{1}{2}$ cents, and the 4-pfennig piece 1 cent. An abundance of the minor coins, 5-cent nickels, cents, and pfennigs, gradually retiring the old coins, would make the change without friction. The obsolete thaler would still pass at 3 marks or 75 cents. (I suggest a \$10 gold coin named Bismarck, in honor of the man who made the German fatherland a possibility.)

Prof. Theodor Hertzka-Wein, 1892, "Das internationale Währungsproblem und dessen Lösung," essentially the same scheme is skillfully presented.

Dr. Otto Arendt, *North American Review*, June, 1896, "The outlook for silver."

RUSSIA.

Under the new decimal system the 10-rouble gold piece would have a value of \$8; the 5-rouble piece a value of \$4; the rouble, 80 cents; the half rouble, 40 cents, and the quarter rouble, 20 cents.

Would gradually retire all the minor coins below this, issuing a silver 10-cent piece, a nickel 5-cent piece, and a bronze cent, allowing the kopec to remain at the value of one cent.

With these coins in common use, the Government at its convenience could order the change in bookkeeping from the decimal system by roubles to universal-standard dollars.

As to the new Russian financial policy, it is so variously stated that, from my standpoint, it seems entirely incomprehensible. In time of peace and plenty she is borrowing gold or accumulating a gold-bonded indebtedness. The expectation seems to be to pay for this in wheat. Under the present existing gold standard there will be a constant increase in the amount of grain which it will take to pay this indebtedness, making the burden a constantly increasing instead of a constantly decreasing one, and this entirely in the constantly advancing standard of money.

It is constantly reported in the papers that Russia is going to a gold standard, but the plan as stated by M. Leon Raffalovitch, president of the Bank of Commerce, of St. Petersburg, does not seem to infer anything more than replacing the paper currency with silver. If such is the case, it most materially simplifies the problem of the "rehabilitation of silver as a money metal," and it seems as if she should be more than ready to adopt the universal-standard dollar, which seems to guarantee a standard of value running approximately parallel to the standard of commodities.

LATIN UNION.

[Hon. Nelson Dingley, jr., speech in House of Representatives, February 9, 1896.]

In the French Chamber of Deputies last winter (1895), when this question was discussed, the French minister of finance declared that France stands ready, when a sufficient combination is made among the nations of the world, to show that such a ratio can be maintained; to open her mints to free coinage, and when a member of the Chamber of Deputies further questioned the minister of finance, he replied that France was ready to unite in any movement that gave promise of bringing the two metals together as yokefellows under free coinage. "But," added the French minister, "it is not in the power of France alone nor in the power of the United States alone to secure full bimetalism unless a sufficient number of commercial nations shall enter into the combination to so increase the demand for silver as to bring the two together on a ratio that shall take into account the existing situation."

No nation is studying harder than the Latin Union to find some practical plan of bimetalism, and some manner whereby the value which has gone out of her silver coinage may be returned to it. The universal standard money is offered as a plan to accomplish this result.

We have accepted as our standard coin its 5-franc piece. Its size and weight are regulated by the French system of weights and measures, which are now being accepted as standard throughout the world. The only change will be to raise the standard from the franc to 5 francs. Also to accept the proposition that one-half gold and one-half silver is justice to both debtor and creditor.

We should recommend to retire all coins less than the franc; substitute the dime, nickel, centum, and mille.

This coin could well bear the motto now on the 5-franc piece: "Liberté, Egalité, Fraternité." Liberté, that it has thrown off the despotism of gold; égalité, that silver and gold are equal yet as the servants of commerce; fraternité, that they are joined by an indivisible bond as yokefellows.

NETHERLANDS.

The standard is the florin of 100 cents, equal to 40 cents. This country has long had the dollar, by name "rixdaler," of exactly the same weight as the 5-franc piece, but finer, value, 98.2 cents.

The difference between the new and the old standard would make recoinage entirely unnecessary. The 10-florin gold piece would be worth \$4, the 5-florin gold piece would be worth \$2, the universal standard dollar, one-half gold and silver, would be worth \$1, the rixdaler silver piece would be worth \$1, the florin or guilder, silver, would be worth 40 cents, the one-half florin or guilder, silver, would be worth 20 cents.

The minor coins should be retired and recoinied with a new name. The present 25-cent silver piece should be recoinied as a 10-cent piece or decem, the 5-cent nickel and the one-cent bronze.

CHINA.

China, after her severe awakening from her ancient civilization, has decided to accept some of the benefits and evils of modern civilization. We have seen her greatest statesman on a tour of investigation into education, business methods, railroads, science, telegraph, telephone, and electricity.

Her currency will also call for reformation. With 5 standard taels, all of different value; with the dollar coinage of 1890, and all the other dollars, ancient and modern, mostly Mexican, and the American trade dollar, it would seem that if the universal coinage is accepted by the other nations it would gladly be accepted by her, and recoin the entire outfit.

They have always used the decimal system, nominally—1 tael, equal to 10 mace of 10 fun of 10 cash, but are commonly used at 1,350 cash, equal to 1 tael; 972 cash, equal to 1 Mexican dollar. Practically this cash should be accepted as 1 mill, or the thousandth part of a universal standard dollar.

In 1890 she opened the Canton mint to a new silver coinage of one dollar, half dollar, 20, 10, and 5 cents, silver, United States standard.

AUSTRIA-HUNGARY.

Austria has for years coined the Maria Theresa or Levantine thaler of silver, and when they changed their coinage in 1892 it seems unfortunate that they did not change it to that standard instead of adopting the krone of 5 grams, equal to a French franc; but as they have a lot of new coins, one or two more would not seriously annoy them. The variation in the amount is almost entirely in the gold, and would probably call for recoinage of the new gold coins, but it could be made a decimal system with a unit of a dollar. Ten-dollar gold coin; the old 8-florin gold piece, equaling \$4; universal standard dollar, \$1. Silver coins: Two florins, \$1; 1 florin, 50 cents; 1 krone, 20 cents; half krone, 10 cents. The only addition to the coinage would be the nickel coin of 5 cents and the bronze coin of 1 cent, retiring the minor coinage.